2015 - 2016

Annual Report

NOVA SCOTIA BUSINESS INCORPORATED

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Nova Scotia Business Inc.

At Nova Scotia Business Inc., we work towards a strong, thriving, and globally competitive Nova Scotia today and for generations to come.

Table of Contents

2 Message from the Board Chair & President and CEO

4 Board of Directors Overview

6 Committees & Officers

7 Program Funding

13 Investment & Project Management Activity

15 Nova Scotia Film & Television Production Incentive Fund

15 Eastlink TV Independent Production Fund

17 Where We Worked - across the globe

19 Where We Worked - across the province

21 Corporate Results

25 Corporate Results Discussion & Analysis

27 Looking Ahead

30 Appendix: Financial Statements (Audit Results)

Message from the Board Chair & President and CEO

> **Our plans are built based on the conversations we have had with businesses across the province and from the lessons we learned in 2015-2016. By working with our partners, we're confident that NSBI is on track to deliver focused and relevant export services and smart, aggressive, and targeted investment attraction efforts to strengthen Nova Scotia's economy.**

Nova Scotia Business Inc. (NSBI) supports Nova Scotia businesses by providing access to business advisory services, skills development and training, market intelligence, access to financing, and support accessing global markets.

Fiscal 2015-2016 was a year of change at NSBI, with the realignment of our resources and objectives to make export our first priority. We're committed to supporting Nova Scotia businesses as they move along the path from export-curious to new exporters to experienced exporters.

As a province with a small domestic market, the OneNS Commissions "Now or Never" report reinforced the need for Nova Scotia to grow through private sector companies selling products and services to markets outside the province. In response, NSBI has adopted a ten-year trajectory with three priorities: grow the value of exports and the number of companies exporting and investing in Nova Scotia; build export capacity within the high potential clusters of Information and Communication Technology (ICT), Oceans and Seafood and Agri-Food; and improve business confidence in Nova Scotia.

Small Business

We've refocused our Small Business Development Program to support businesses with export potential and in need of building export capacity. The program was restructured to provide financial funding to projects that could assist a business to become an exporter, access global markets, remove barriers to exporting, or grow the business's current exports.

Investment Attraction

NSBI brought export to the forefront of our Investment Attraction efforts in 2015-2016. We identified and worked to attract innovative companies, with successful track records, to establish export-driven locations in Nova Scotia. We're focused on attracting companies that will become key contributors to the growth and development of the ICT, Oceans, Seafood and Agri-Food, and Financial Services clusters of the Nova Scotia economy.

Client Metrics

In support of our renewed focus on private sector-led growth, we've adopted outcomes-based measurements of our work with clients. A third-party research firm was engaged to survey our clients in order to measure their results over the year — including actual growth in export sales, number of first-time exporters, actual change in payroll expenditures, actual amount of new capital investment, and business climate confidence. By measuring and reporting on the performance of our clients, we ensure that NSBI remains accountable to our mandate, our clients, and our stakeholders.

We met our goals in some key areas, but we still have work to do in others. The total value of client-reported export sales grew by 13.3%, exceeding the 2015-2016 target of 5%. This increase underpins the vital importance of exports to the Nova Scotia economy and the real progress that the business community has been making.

In 2015-2016, NSBI worked with 1106 unique businesses across the province, exceeding our target of reaching 900 businesses, yet our overall business confidence among NSBI clients declined by 3.1%, from 64.7% to 61.6% in 2015-2016. This result is part of the evidence NSBI used to redesign supports to businesses with export potential and in need of building export capacity.

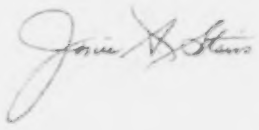
Forward into 2016 - 2017

NSBI will continue to share and promote Nova Scotia's story at home and abroad. We work with our private and public-sector partners to build awareness, outside our borders, of high potential clusters in Nova Scotia, and to serve as Nova Scotia brand ambassadors in national and international markets. We're a positive business voice, growing support networks across Nova Scotia, celebrating Nova Scotia business successes, and building confidence and capacity in the business community. Our Regional Business Development Advisors, located across the province, continue to work with businesses at a local level, helping them navigate and connect to programs and resources to help them succeed.

There is still much to be done. Going forward, we'll work harder to understand and meet our clients' needs so they can approach their business with increased confidence. We'll continue to build on our foundations, maximize our resources, and cooperate with our service partners to develop and support Nova Scotia exporters and attract innovative, globally competitive companies to our province. Our plans are built based on the conversations we have had with businesses across the province and from the lessons we learned in 2015-2016. By working with our partners, we're confident that NSBI is on track to deliver focused and relevant export services and smart, aggressive, and targeted investment attraction efforts to strengthen Nova Scotia's economy.

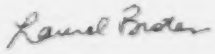
Janice Stairs

BOARD CHAIR, NSBI



Laurel Broten

PRESIDENT AND CEO, NSBI



Board of Directors Overview

Due diligence and adherence to rigorous corporate governance guides the actions of Nova Scotia Business Inc.'s private sector board. Comprised of respected leaders from communities across Nova Scotia, the Board of Directors provides guidance and governance for business activities.

Including committee meetings, members of the board met in 2015-2016 to:

- Oversee the corporate governance framework
- Review and approve quarterly and annual financial reports
- Oversee the strategic business planning process
- Identify and monitor risks facing the corporation
- Monitor the integrity of the corporation's internal control systems
- Approve business incentives

Board of Directors

Janice Stairs, Chair

APPOINTED, SEPTEMBER 2009

- Namibia Rare Earths Inc., General Counsel
- McInnes Cooper, Halifax Counsel
- Aurico Metals Inc. (TSX), Board of Directors
- Nova Copper Inc. (TSX; NYSE-MKT), Board of Directors
- Halifax Grammar School, Board of Governors and Executive Committee, Past Member
- Nova Scotia District Counsel of Investment Dealers Association, Past Member

Ray Ivany, Vice-Chair

APPOINTED, DECEMBER 2010

- Acadia University, President and Vice-Chancellor
- Nova Scotia Community College, Former President and CEO
- Workers' Compensation Board of Nova Scotia, Former Chair
- Natural Sciences and Engineering Research Council of Canada, Past Council Member
- Nova Scotia's OneNS Commission on Building our New Economy, Past Chair
- Nova Scotia Power Inc., Board of Directors
- Rothesay Netherwood School, Board of Directors
- Perennia, Board of Directors

Paul Belliveau, FCPA, FCA

APPOINTED DIRECTOR, FEBRUARY 2013

- Belliveau Veinotte Inc., Partner
- Bridgewater Development Association, Past Chair
- Lunenburg County Lifestyle Centre, Former Chair
- AC Group of Independent Accounting Firms Limited, Board of Directors
- Now Lunenburg County, Board of Directors

Lois Dyer Mann

APPOINTED DIRECTOR, DECEMBER 2007

SECOND TERM EXPIRED, DECEMBER 2015

- Knightsbridge Robertson Surrette, Partner
- 2011 Canada Winter Games Host Society, Past Board Member
- Halifax Chamber of Commerce, Past Chair
- IWK Health Centre Foundation, Former Trustee
- Chester Art Centre, Board of Directors

Bert Frizzell

APPOINTED DIRECTOR, SEPTEMBER 2011

- The Shaw Group, Vice Chairman
- Acadia University, Board of Governors
- Heritage Gas, Board of Directors
- LED Roadway Lighting, Board of Directors
- West Bedford Holdings Ltd., Board of Directors

Tom Hickey

APPOINTED DIRECTOR, DECEMBER 2015

- T. Hickey Enterprises, President and CEO
- Atlantic Road Construction, CEO
- Atl-Refac Ltd., Chairman of the Board
- Frontier Asphalt Ltd, CEO
- Over the Edge Inc., Advisory Board
- Nova Paving Ltd., Chairman of the Board
- Iconic Brewing Co., Chairman of the Board

Cheryl Hodder, QC

APPOINTED DIRECTOR, NOVEMBER 2012

- McInnes Cooper, Partner
- McInnes Cooper, Board of Directors
- Scotsburn Ice Cream Company, Board of Directors
- Nova Scotia Community College, Nominating Committee

Marie Mullally

APPOINTED DIRECTOR, DECEMBER 2014

- CUA, President and CEO
- Nova Scotia Gaming Corporation, Former President and CEO
- Halifax International Airport Authority, Vice-Chair

Sean Murray

APPOINTED DIRECTOR, JUNE 2007

- Advocate Printing and Publishing Company Limited, President and CEO
- Canadian Printing Industries Scholarship Trust Fund, Trustee
- Juvenile Diabetes Research Foundation Canada, Board of Directors
- Aberdeen Health Foundation, Board of Directors
- Centre for Family Business and Regional Prosperity, Dalhousie University, Advisory Board

Stuart Rath

APPOINTED DIRECTOR, MARCH 2007

- Stuco Holdings Limited, President and Director
- Truro Centre Limited, Vice President
- Truro Industrial Society, Past Chair

Ronald E. Smith

APPOINTED DIRECTOR, MAY 2011

- Maritime Tel & Tel Ltd., Former CFO
- Emera Inc., Former CFO
- Canada Pension Plan Investment Board, Board of Directors
- Alamos Gold Inc., Board of Directors
- Pro Real Estate Investment Trust, Board of Trustees
- Public Service Superannuation Plan Trustee Inc., Chair
- Acadia University, Board of Governors, Past Chair
- The Arthritis Society, National Chair
- Western Regional Economic Network, Board of Directors

Scott Travers

APPOINTED DIRECTOR, JUNE 2009

SECOND TERM EXPIRED, JANUARY 2016

- DSquared Consulting, President
- Minas Basin Pulp and Power Company Ltd., Past President and COO
- Newton Falls Fine Paper Company, LLC, Former Vice Chairman and President
- Electrical Consumers Association of Nova Scotia, Founding Member
- Seaforth Energy, Past Board of Directors
- Woodland Biofuels, Board of Directors
- Nova Renew Inc., Founder and Board of Directors
- Crown Fibre Tube, Past Board of Directors
- Pulp and Paper Technical Association of Canada, Past Chair
- Tignish Initiatives, Board of Directors
- MTEC (Marine Tidal Energy Corp), Board of Directors

Committees & Officers

The Audit, Human Resources Governance, and Investment Committees serve to assist the board in carrying out its responsibilities.

Audit Committee

Bert Frizzell, Chair

Paul Belliveau

Cheryl Hodder

The Audit Committee oversees NSBI's financial reporting, assesses its internal controls and risk environment, and reviews the audit report prepared by the corporation's external auditor.

Human Resources and Governance Committee

Cheryl Hodder, Chair

Lois Dyer Mann
UNTIL DECEMBER, 2015

Ray Ivany

Marie Mullally

The Human Resources and Governance Committee ensures appropriate human resources management policies are in place, manages the recruitment process for new board members, and develops and oversees NSBI's corporate governance principles.

Investment Committee

Sean Murray, Chair

Bert Frizzell

Stuart Rath

Ron Smith

Janice Stairs

Scott Travers
UNTIL JANUARY, 2016

The Investment Committee oversees NSBI's investment framework and policies, monitors the performance of the corporation's investment portfolio, and recommends financial transactions outside its approval limit to the full board for approval.

Program Funding

Small Business Development Program Approved Funding by Sector

6	7	1	21	35 TOTAL
Agri-Food and Seafood	ICT	Oceans	Other*	

$382,194.88

Total Approved Funding

Export Growth Program Approved Funding by Sector

25	41	19	64	149 TOTAL
Agri-Food and Seafood	ICT	Oceans	Other*	

$1,095,468.90

Total Approved Funding

***Other sectors include, but are not limited to: Clean Technology, Creative Industries, Aerospace and Defence, Energy, Film and Television Production, Financial Services, Life Sciences, Manufacturing and Professional Services.**

Small Business Development Program Approved Funding

Company	Sector	County	Amount
Woodmaster Tools of Canada	Manufacturing	Colchester	$ 917.50
Cape Breton Fudge Co	Agri-Food and Seafood	Cape Breton	$ 15,000.00
Clinical Logistics Inc	Life Sciences	Halifax	$ 1,500.00
Harriette Schumacher	Professional Services	Halifax	$ 2,510.00
Dormie Workshop	Manufacturing	Halifax	$ 2,625.00
Geddes Furniture	Manufacturing	Halifax	$ 4,000.00
Just Us! Coffee Roasters	Agri-Food and Seafood	Kings	$ 5,802.50
Performance Quest Leadership Ltd	Professional Services	Halifax	$ 6,716.88
Pleiades Robotics Inc	Other	Halifax	$ 7,125.00
JusNova Agriculture Ltd	Agri-Food and Seafood	Halifax	$ 7,200.00
Muwin Estate Wines Ltd	Agri-Food and Seafood	Lunenburg	$ 7,500.00
Bras d'Or Boatworks	Boat Building	Victoria	$ 8,000.00
Atlantic Prepaid	Financial Services	Halifax	$ 8,000.00
Larch Wood Enterprises Inc	Manufacturing	Inverness	$ 10,180.00
Jaza Energy Inc	Clean Technology; Energy; ICT; Manufacturing	Halifax	$ 11,968.00
Alpha Chemical Ltd	Manufacturing	Halifax	$ 12,000.00
Green Power Labs	Clean Technology	Halifax	$ 12,000.00
Sayle Group Inc	Professional Services	Halifax	$ 12,500.00
Credifax Atlantic Ltd	Professional Services	Halifax	$ 13,750.00
Encanex Enterprises Ltd	Manufacturing	Halifax	$ 14,000.00
United Trans Ltd	Agri-Food and Seafood	Halifax	$ 14,400.00
Amos Pewter	Creative Industries	Lunenburg	$ 14,500.00
North Nova Seafoods Ltd	Agri-Food and Seafood	Pictou	$ 14,750.00
SkySquirrel Technologies Inc	ICT; Manufacturing; Engineering & Professional	Halifax	$ 15,000.00
MRB Contracting Inc	ICT; Engineering & Professional; Business Services	Halifax	$ 15,000.00
Site 2020 Inc	ICT; Manufacturing; Engineering & Professional	Halifax	$ 15,000.00
St. Onge Skin Care	Life Sciences	Halifax	$ 15,000.00
Clerisy Management Group Ltd - product investment	Film and Television Production	Halifax	$ 15,000.00
Hoppy's	Manufacturing	Digby	$ 15,000.00
Nimbus Publishing Ltd	Creative Industries	Halifax	$ 15,000.00
Beaumont Advisors Ltd	Professional Services	Halifax	$ 10,250.00
Yomes Inc	ICT	Halifax	$ 15,000.00
Acadian Seaplants Ltd	Life Sciences	Halifax	$ 15,000.00
Clean Simple Inc	ICT	Halifax	$ 15,000.00
B4Checkin Ltd	ICT	Halifax	$ 15,000.00
Total Approved Funding Amount			**$ 382,194.88**

Export Growth Program Approved Funding

Company	Sector	County	Amount
180 Moda Ltd	ICT	Halifax	$ 9,000.00
4Deep Inwater Imaging	Oceans Tech	Halifax	$ 5,000.00
A.C. Dispensing Equipment	Manufacturing	Halifax	$ 18,400.00
Acadia Management Group	ICT	Kings	$ 5,000.00
Acadian Seaplants Ltd	Life Sciences	Halifax	$ 35,000.00
AdLyft (Nova Scotia) Inc	ICT	Halifax	$ 3,240.00
Advanced Glazings Ltd	Manufacturing	Cape Breton	$ 5,000.00
Allswater Marine Consultants	Oceans Tech	Halifax	$ 3,495.00
Artburn Inc	Creative Industries	Halifax	$ 5,000.00
Athletigen	ICT	Halifax	$ 4,750.00
Atlantic Youth Consulting, Inc	Professional Services	Halifax	$ 2,250.00
Azorus Inc	ICT	Halifax	$ 5,000.00
B4Checkin Ltd	ICT	Halifax	$ 15,000.00
Backman Vid-Comm Ltd	ICT	Halifax	$ 5,750.00
Basic Spirit Inc	Creative Industries	Cumberland	$ 5,000.00
Beaumont Advisors Ltd	Professional Services	Halifax	$ 11,475.00
Benjamin Bridge	Agri-Food and Seafood	Kings	$ 20,000.00
BlueLight Analytics Inc	Business Services	Halifax	$ 15,000.00
Breton SmarTek	ICT	Cape Breton	$ 5,000.00
Buds Entertainment Inc	Creative Industries	Antigonish	$ 10,000.00
Burnt out Solutions	Manufacturing	Kings	$ 5,000.00
Caldera Distilling Inc	Agri-Food and Seafood	Pictou	$ 10,000.00
Cape Breton Fudge Co	Agri-Food and Seafood	Cape Breton	$ 2,767.50
CarbonCure Technologies Inc	Manufacturing	Halifax	$ 15,000.00
Cartoon Conrad Productions Inc	ICT	Halifax	$ 3,775.00
CBCL Ltd	Professional Services	Halifax	$ 17,438.00
Cedar Bay Grilling Company Ltd	Agri-Food and Seafood	Lunenburg	$ 5,000.00
Classic Frozen Foods Ltd	Agri-Food and Seafood	Cape Breton	$ 6,375.00
Clean Simple Inc	ICT	Halifax	$ 5,000.00
Cleanearth Technologies Inc	Business Services	Halifax	$ 12,475.00
Clerisy Entertainment	Creative Industries	Halifax	$ 8,236.38
Clinical Logistics Inc	Life Sciences	Halifax	$ 5,000.00
CloudKettle Inc	ICT	Halifax	$ 2,856.00
Compusult Ltd	ICT	Halifax	$ 5,000.00
Covey Island Boatworks	Boat Building	Lunenburg	$ 2,827.50
Credifax Atlantic Ltd	Professional Services	Halifax	$ 5,000.00
Current Studios Inc	Creative Industries	Halifax	$ 3,200.00
Dadavan Systems Inc	ICT	Halifax	$ 3,000.00
Dash Hudson	ICT	Halifax	$ 23,000.00
Deep Vision Inc	Aerospace and Defence	Halifax	$ 2,175.00
Densitas Inc	ICT	Halifax	$ 3,800.00

Export Growth Program Approved Funding – continued

Company	Sector	County	Amount
Dormie Golf Workshop	Manufacturing	Halifax	$ 5,000.00
Duta-Tech Industrial & Marine	Manufacturing	Halifax	$ 5,000.00
EfficiencyOne Services	Energy	Halifax	$ 5,000.00
Eleanor Beaton & Company Communications	Business Services	Hants	$ 5,000.00
EMO Marine Technologies Ltd	Oceans Tech	Halifax	$ 5,000.00
Eye Catch Signs Ltd	Manufacturing	Halifax	$ 5,000.00
eyecandy SIGNS Inc	Manufacturing	Halifax	$ 5,000.00
FANFIT Challenge Inc	ICT	Halifax	$ 2,734.50
Fisher King Seafoods Ltd	Agri-Food and Seafood	Halifax	$ 1,825.00
Fit First Holdings Inc	ICT	Halifax	$ 10,975.00
Focal Research Consultants Ltd	ICT	Halifax	$ 5,000.00
Focal Technologies Corp	Oceans Tech	Halifax	$ 5,000.00
Fossil Power Systems Inc	Manufacturing	Halifax	$ 5,000.00
Fourth Monkey Media	ICT	Lunenburg	$ 11,000.00
Freshify Inc	Other	Kings	$ 12,000.00
G.E. Collins and Sons	Agri-Food and Seafood	Cumberland	$ 18,750.00
Galloping Cows Fine Foods	Agri-Food and Seafood	Inverness	$ 3,950.00
Geoforce Group Ltd	Oceans Tech	Halifax	$ 13,100.00
GeoSpectrum Technologies	Oceans Tech	Halifax	$ 5,000.00
GN Thermoforming Equipment	Manufacturing	Lunenburg	$ 5,000.00
GPSC Yachts Inc	Boat Building	Yarmouth	$ 8,350.00
Grand Pre Wines Ltd	Agri-Food and Seafood	Kings	$ 3,887.50
Grassfire Films Inc	Creative Industries	Cape Breton	$ 1,850.00
Halifax BioMedical Inc	Life Sciences	Inverness	$ 35,000.00
Halifax Seed Company Inc	Agri-Food and Seafood	Halifax	$ 3,750.00
HarvestHand New Media Communities Inc	ICT	Kings	$ 3,622.71
Hawboldt Industries	Oceans/Manufacturing	Lunenburg	$ 5,000.00
Health QR Inc	ICT	Halifax	$ 2,025.00
Huminah Huminah Animation Ltd	ICT	Halifax	$ 2,112.50
JouBeh Technologies Inc	Oceans Tech	Halifax	$ 5,000.00
JusNova Agriculture Ltd	Agri-Food and Seafood	Halifax	$ 26,675.00
K-9 Orthotics & Prosthetics Inc	Life Sciences	Halifax	$ 6,350.00
Larch Wood Enterprises Inc	Manufacturing	Cape Breton	$ 5,000.00
LearnCorp International Ltd	Professional Services	Cape Breton	$ 4,050.00
LED Roadway Lighting Ltd	Manufacturing	Halifax	$ 5,000.00
LED-SGS Solutions	Manufacturing	Halifax	$ 4,225.00
Lengkeek Vessel Engineering Inc	Oceans Tech	Halifax	$ 2,650.97
Little Tiny Records Inc	Creative Industries	Halifax	$ 5,000.00
Louisbourg Seafoods Ltd	Agri-Food and Seafood	Cape Breton	$ 20,000.00
MacGregor's Industrial Group	Manufacturing	Pictou	$ 2,249.30

Export Growth Program Approved Funding – continued

Company	Sector	County	Amount
Made with Local	Agri-Food and Seafood	Halifax	$ 637.50
Magic Rock Productions	Creative Industries	Halifax	$ 5,000.00
MagicLamp Software	ICT	Halifax	$ 5,000.00
Marcato Digital Solutions Inc	ICT	Cape Breton	$ 5,000.00
Mdina Enterprise Ltd	ICT	Lunenburg	$ 35,000.00
Media Mechanics Inc	ICT	Halifax	$ 7,700.00
Membertou Trade & Convention Centre	Other	Cape Breton	$ 5,000.00
Mersey Consulting Ltd	Oceans Tech	Halifax	$ 1,950.00
Metamaterial Technologies Inc	Aerospace and Defence	Halifax	$ 5,000.00
MetOceans Data Systems Ltd	Oceans Tech	Halifax	$ 5,000.00
MilAero Electronics Atlantic Inc	Aerospace and Defence	Halifax	$ 2,500.00
MindSea Development Inc	ICT	Halifax	$ 5,000.00
Modest Tree	ICT	Halifax	$ 5,000.00
Muwin Estate Wines Ltd	Agri-Food and Seafood	Lunenburg	$ 5,000.00
Natural Hues Inc	Agri-Food and Seafood	Halifax	$ 3,100.00
Nautel Ltd	Manufacturing	Halifax	$ 20,000.00
Nicom IT Solutions	ICT	Halifax	$ 5,000.00
Nimbus Publishing Ltd	Creative Industries	Halifax	$ 5,000.00
NNS Organics Ltd	Agri-Food and Seafood	Halifax	$ 3,310.00
Norex.ca Ltd	ICT	Halifax	$ 15,000.00
North Nova Seafoods	Agri-Food and Seafood	Pictou	$ 15,000.00
Northern Business Intelligence	ICT	Halifax	$ 5,000.00
Nova Agri Inc	Agri-Food and Seafood	Kings	$ 2,300.00
Novacan Live Seafood Ltd	Agri-Food and Seafood	Richmond	$ 8,600.00
Novonix Battery Testing Services Inc	Manufacturing	Halifax	$ 4,260.00
Ocean Entertainment Ltd	Creative Industries	Halifax	$ 5,000.00
Ocean Pride Fisheries	Agri-Food and Seafood	Yarmouth	$ 5,000.00
Ocean Sonics Ltd	Oceans Tech	Colchester	$ 5,000.00
Partner International Inc	Professional Services	Halifax	$ 5,000.00
PepperHead Inc	Agri-Food and Seafood	Colchester	$ 5,581.25
Picture Plant Ltd	Creative Industries	Lunenburg	$ 5,000.00
PitchPerfect Software	ICT	Halifax	$ 5,000.00
Prism Tradeshow Products	Manufacturing	Halifax	$ 24,250.00
Punk Science Studios Inc	ICT	Halifax	$ 17,559.32
QRA Consulting	ICT	Halifax	$ 12,910.00
REDspace Inc	ICT	Halifax	$ 5,000.00
Rosborough Boats	Oceans Tech	Halifax	$ 3,900.00
Satlantic LP	Oceans Tech	Halifax	$ 5,000.00
Scout & Burrow Inc	Professional Services	Halifax	$ 2,400.00
Social Navigator Inc	ICT	Halifax	$ 5,000.00
Solar Global Solutions Ltd	Manufacturing	Halifax	$ 6,500.00

Export Growth Program Approved Funding – continued

Company	Sector	County	Amount
Solid State Pharma	Life Sciences	Halifax	$ 5,000.00
SolutionInc	ICT	Halifax	$ 3,650.00
Sonic Records Ltd	Creative Industries	Halifax	$ 5,250.00
SportsDirect Inc	ICT	Halifax	$ 4,700.00
Spring Loaded Technologies	Life Sciences	Halifax	$ 5,000.00
Stantec Consulting Ltd	Professional Services	Halifax	$ 5,000.00
Stark International Inc	Professional Services	Pictou	$ 5,000.00
Strongest Families Institute	Professional Services	Halifax	$ 5,000.00
Studio 21 Fine Art Inc	Creative Industries	Halifax	$ 4,100.00
Success Through Trust	Professional Services	Halifax	$ 7,500.00
Surrette Battery Company Ltd	Manufacturing	Cumberland	$ 5,000.00
Survival Systems Ltd	Aerospace and Defence	Halifax	$ 5,000.00
Sustainable Fish Farming (Canada) Ltd	Agri-Food and Seafood	Hants	$ 12,250.00
Swaine Street Woodworking	Creative Industries	Halifax	$ 3,402.00
The 7 Virtues Beauty	Other	Halifax	$ 22,500.00
TMG Entertainment	Creative Industries	Halifax	$ 14,700.00
Tony's Meats Ltd	Agri-Food and Seafood	Antigonish	$ 8,600.00
Torusoft IT Consulting & Development Ltd	ICT	Halifax	$ 1,750.00
Trailer Park Productions Ltd	Creative Industries	Halifax	$ 3,150.00
Turbulent Research Inc	Oceans Tech	Halifax	$ 5,000.00
United Trans Ltd	Agri-Food and Seafood	Halifax	$ 20,500.00
Vemco	Oceans Tech	Halifax	$ 5,000.00
Vesuvius Media Ltd	ICT	Halifax	$ 2,206.47
Victoria Co-Operative Fisheries Ltd	Agri-Food and Seafood	Victoria	$ 2,484.50
Wearwell Garments	Manufacturing	Pictou	$ 5,000.00
Xeos Technologies Inc	Oceans Tech	Halifax	$ 5,000.00
Yomes Inc	ICT	Halifax	$ 4,850.00
Total Approved Funding Amount			**$ 1,095,468.90**

Investment & Project Management Activity

Strategic Investment Funds Transactions

Company	Type	County	Amount
FCV Technologies Ltd	Payroll Rebate	Halifax	$ 1,287,000
Global Relay Communications Inc	Payroll Rebate	Halifax	$ 2,032,800
IGATE Technologies (Canada) Inc	Payroll Rebate	Halifax	$ 3,422,800
Conifer Asset Solutions Company*	Payroll Rebate	Halifax	$ 3,782,500
ResMed Halifax Inc	Payroll Rebate	Halifax	$ 787,500
The Minacs Group Inc	Payroll Rebate	Halifax	$ 506,250
Track Group - Analytics Ltd	Payroll Rebate	Halifax	$ 1,060,500
Lixar IT Inc	Payroll Rebate	Halifax	$ 552,000
Enterprise Castle Hall Alternatives Inc	Payroll Rebate	Halifax	$ 313,200
The Bank of N.T. Butterfield & Son Ltd	Payroll Rebate	Halifax	$ 840,000
TD Insurance Direct Agency Inc	Payroll Rebate	Halifax	$ 3,977,000
Mobivity Holdings Corp	Payroll Rebate	Halifax	$ 427,500
Canadian Maritime Engineering Ltd	Payroll Rebate	Cape Breton	$ 1,400,000
Oxford Frozen Foods Ltd	Payroll Rebate	Cumberland	$ 1,486,800
			$ 21,875,850

Note: **The above table captures approved payroll rebate transactions through the Province's Strategic Investment Funds as of March 31, 2016.**

***Conifer is an amendment to an existing payroll rebate agreement.**

Project Management Activity*

Company	Type	County
Hitachi Data Systems	Project Management	Halifax
Hothead Games	Project Management	Halifax
Ubisoft Entertainment S.A.	Project Management	Halifax
Slipstream Vehicles Ltd	Project Management	Lunenburg
Bear Head LNG, a subsidiary of Liquified Natural Gas Ltd	Project Management	Richmond
Nature's Way Canada	Project Management	Halifax

***Project Management Activity is defined as activity where NSBI played a significant role in attracting and fostering the company's growth in Nova Scotia without providing an economic incentive.**

Lixar IT Inc.

NSBI SERVICE INVESTMENT ATTRACTION

LOCATION HALIFAX • EXPORTER EXPERIENCED

SECTOR ICT • EXPORT MARKET GLOBAL

With offices in Halifax and Ottawa, Lixar I.T. Inc. (Lixar) builds complete mobile ecosystems for its clients and partners in the transportation sector. It drives mobile technology innovation through its data science practice, IoT (Internet of Things) connectivity, proximity awareness platform called ProxSee, and extensive Cloud expertise which utilizes Microsoft Azure. Lixar is a Microsoft Application Development and Azure Cloud Partner.

Lixar creates innovative software development products for the aerospace, automotive, telecommunications and emerging technology sectors. With high-profile international customers such as NASCAR, Lixar is well poised for growth.

The Lixar office in Halifax opened in 2007 with two people. Today, that team has grown to over 40 professionals, and it is proud to share that 22 nationalities are represented in its Halifax office. Lixar credits Nova Scotia's location as a gateway to the world, affordable quality of living, and business centre support for providing the ideal conditions for their business growth. Lixar employees have fallen in love with Maritime culture, Halifax's vibrant music scene, and the ocean lifestyle.

In December 2015, NSBI signed a payroll rebate incentive with Lixar for the company's creation of up to 40 new positions over 5 years – specifically positions for new graduates and new residents.

LIXAR TEAM, HALIFAX OFFICE

"Halifax is a great place to work and live and we appreciate the winning conditions Nova Scotia and Halifax have put in place to help business succeed." —Lixar Team

Nova Scotia Film & Television Production Incentive Fund

Approved Funding Commitments

Parent Company	Production Company	Production Name	Type	Amount
Houston Productions Inc	Houston Productions Inc	Mi'kmaw Customary Law Circle	Other	$ 15,492
Picture Plant Ltd	The Solo Project Ltd	Celtic Edge	Other	$ 48,548
Body Language Films Inc	Body Language Films Inc	Body Language Decoded	Documentary	$ 134,421
3291627 Nova Scotia Ltd	3291627 Nova Scotia Ltd	Trajectoires 3	TV Series	$ 230,006
Grassfire Films Inc	Grassfire Films Inc	Train Whistle Does Not Blow	Feature Film	$ 57,675
Bad Astronaut Inc	Terrifying Movie Inc	Halloween Party	Feature Film	$ 299,143
3286993 Nova Scotia Ltd	3286993 Nova Scotia Ltd	Pour L'Amour Du Country XIV	TV Series	$ 293,575
Pilot Light Productions Inc	ComedyTV 16 Inc	Halifax Comedy Festival 2016	TV Series	$ 140,127
Swear Net Holdings Inc	TPB OTP Productions Inc	Trailer Park Boys Out of the Park: Europe	TV Series	$ 810,368
Holdfast Pictures Inc	Weirdos the Film Inc	nineteenseventysomething	Feature Film	$ 320,403
Clerisy Management Group Ltd	Love Food3 Productions Inc	Love Food S3	TV Series	$ 169,834
Clerisy Management Group Ltd	HOG Productions Inc	Adopted	Documentary	$ 116,118
Clerisy Management Group Ltd	Peacekeeper Productions Inc	Return to Bosnia	Documentary	$ 118,952
Clerisy Management Group Ltd	Hack Productions Inc	Hack Attack	TV Series	$ 168,069
Cineast Screen Development Ltd	Malefic Films Inc	The Child Remains	Feature Film	$ 291,397

Note: **The above table captures approved funding commitments through the Nova Scotia Film & Television Production Incentive Fund as of March 31, 2016.**

Eastlink TV Independent Production Fund

Approved Funding Commitments

Parent Company	Production Company	Production Name	Type	Amount
Boulevard Productions Inc	Boulevard Productions Inc	The Moblees Season II	TV Series	$ 280,000
Topsail Productions Ltd	Mr. D S5 Productions Ltd	Mr. D Season 5	TV Series	$ 243,000
				$ 523,300

Note: **The above table captures approved funding commitments through the Eastlink TV Independent Production Fund. Both funding commitments were approved on June 29, 2015.**

Malefic Films Inc

NSBI SERVICE NOVA SCOTIA FILM AND TELEVISION PRODUCTION INCENTIVE FUND

FILMING LOCATION WINDSOR & ELMSDALE • EXPORTER EXPERIENCED

SECTOR FILM AND TELEVISION PRODUCTION • EXPORT MARKET GLOBAL

Malefic Films' Michael Melski remembers being frightened as a child by Helen Creighton's Bluenose Ghosts, so it's no surprise that his latest film, The Child Remains, **is a testament to Nova Scotia's haunted history. "This movie has its roots in Nova Scotia's creepy folklore," says Melski, "the starkness of the forests and the December weather were excellent for setting the atmosphere of the movie."**

Filmed in Windsor and Elmsdale, The Child Remains is a vintage thriller in the tradition of The Changeling and Rosemary's Baby. It was shot on a budget of $1 million, with a crew of 35, including Republic of Doyle's Allan Hawco and Canadian Screen Award winner Suzanne Clément. The Child Remains completed principal photography in December 2015, and the film has an anticipated release date in 2017.

Malefic Films Inc received funding from the Nova Scotia Film and Television Production Incentive Fund (NSFPIF) through NSBI. As a qualifying production, The Child Remains received a funding commitment of $291,397. With this funding, Malefic Films was able to secure an additional $700,000 in other funding, along with commitments from crews, producers and actors.

"I'm a Nova Scotia filmmaker. I choose to live here and film here, and I want to help build the creative economy here. Our contact at NSBI was very helpful. In the film industry, clarity is important, and she was knowledgeable about the nuances and important details of film budgets. NSBI's funding and support helped us lock in commitments and get this film made," says Melski.

The NSFPIF is available to producers who are filming in Nova Scotia and is payable for eligible Nova Scotia production costs. It allows producers to receive funding of 25% of eligible costs, up to a maximum of 32% of all spending in Nova Scotia, including labour, goods, and services.

MICHAEL MELSKI FILMING ON LOCATION

"I'm a Nova Scotia filmmaker. I choose to live here and film here... NSBI funding and support helped us lock in commitments and get this film made."
—Michael Melski, Writer and Director

Where We Worked

NSBI doing business across the globe through export development and investment attraction *

North America

- Barbados
- Bermuda
- Canada
- Cayman Islands
- Cuba
- Jamaica
- Mexico
- Trinidad and Tobago
- United States

Europe

- Belgium
- England
- France
- Germany
- Italy
- Monaco
- Netherlands
- Portugal
- Scotland
- Spain
- Sweden
- Switzerland

Asia

- China
- India
- Japan
- South Korea
- Malaysia
- Pakistan
- Singapore
- Taiwan
- Thailand
- Turkmenistan
- United Arab Emirates
- Uzbekistan

South America

- Argentina
- Brazil
- Chile
- Columbia
- Ecuador
- Guyana

Africa

- Benin
- Congo
- Côte D'Ivoire
- Sierra Leone
- Tanzania
- Togo
- Tunisia

Australia

*** Shaded regions represent markets where NSBI targeted its investment attraction efforts and/or supported clients to engage in in-market business development initiatives.**

Jaza Energy

NSBI SERVICE SMALL BUSINESS DEVELOPMENT PROGRAM

LOCATION HALIFAX • EXPORTER NEW

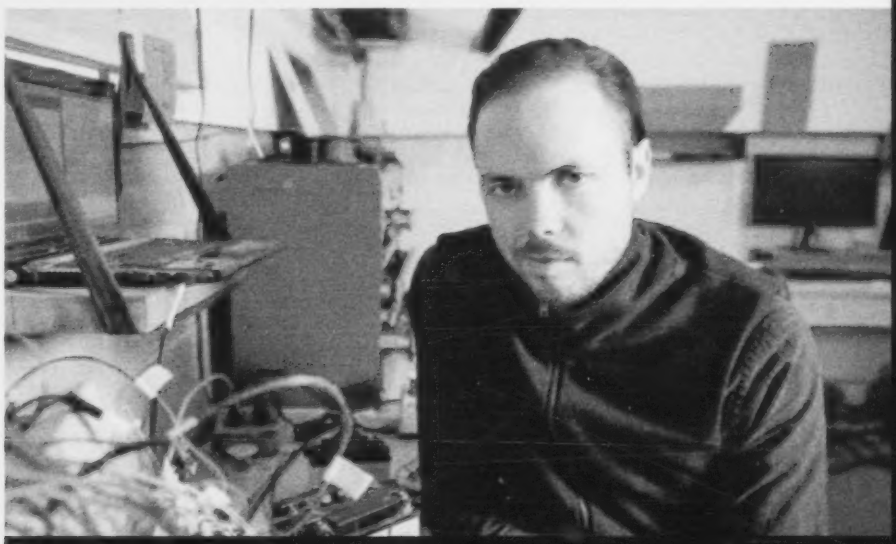
SECTOR ICT/ENERGY • EXPORT MARKET AFRICA

Over one billion people live without electricity and must rely on unsafe or unreliable energy sources. Mobile phones are the only communications link for many communities, and residents are often forced to travel long distances to charge their phones. Jaza's Energy's solution is a solar energy hub that provides electricity to charge phones and power LED lights.

In 2013, Jaza successfully tested its concept on Pemba, a small island off the coast of Tanzania. Community members were excited about local access to energy and were willing to pay for the service. Jaza was ready to take the next step to make its system economically sustainable for exporting.

NSBI used its Small Business Development Program to help Jaza develop IT tools and software systems. This enabled Jaza to manage and troubleshoot its system remotely, develop a mobile payment system so users can pay for their energy using their mobile phones, and train technical staff to manage widely distributed energy systems.

SEBASTIAN MANCHESTER CO-FOUNDER



"The Small Business Development Program funding allowed us to build a platform far superior to anything we could have built ourselves. NSBI helped us hire top talent to get our product to market."
—Sebastian Manchester, Co-Founder

Where We Worked

Locations of NSBI clients across the province *

Nova Scotia

- Amherst
- Annapolis Royal
- Antigonish
- Arichat
- Avonport
- Ayelsford
- Baddeck
- Ballantyne's Cove
- Barrington Passage
- Beaver Bank
- Bedford
- Bible Hill
- Blandford
- Boutilier's Point
- Bridgetown
- Bridgewater
- Brookfield
- Burnside
- Caledonia
- Canning
- Centreville
- Chester
- Chéticamp
- Church Point
- Clark's Harbour
- Clifton
- Colchester
- Collingwood
- Dartmouth
- Dayton
- Denver
- Digby
- East Margaree
- East Pennant
- Eastern Passage
- Edwardsville
- Elderhouse
- Elmsdale
- Enfield
- Fall River
- Falmouth
- Gaspereau
- Glace Bay
- Goffs
- Grand Pré
- Great Village
- Hackett's Cove
- Halifax
- Hammonds Plains
- Hantsport
- Harmony
- Hatchett Lake
- Havre Boucher
- Heatherton
- Hobbsville
- Heckmans Island
- Hilden
- Hubbards
- Jeddore
- Kempt
- Kentville
- Kingston
- Lake Charlotte
- Lakeside
- Langley
- Lantz
- Lawrencetown
- Little Brook
- Liverpool
- Lockeport
- Louisbourg
- Lower Debert
- Lower East Pubnico
- Lower Northfield
- Lower Sackville
- Lower Wedgeport
- Lower Woods Harbour
- Lunenburg
- Lower Sackville
- Mabou
- Mahone Bay
- Membertou
- Meteghan
- Meteghan River
- Middle Sackville
- Middle West Pubnico
- Middleton
- Milford
- Mount Uniacke
- Mulgrave
- Musquodoboit Harbour
- Neil's Harbour
- New Glasgow
- New Minas
- New Ross
- New Waterford
- Newellton
- North Sydney
- Onslow
- Oxford
- Parker's Cove
- Parrsboro
- Pictou
- Port Bickerton
- Port Hawkesbury
- Port Hood
- Port Mouton
- Port Williams
- Porters Lake
- Powell River
- Pugwash
- River John
- Riverport
- Sackville
- Sambro
- Saulnierville
- Scotsburn
- Seafoam
- Shad Bay
- Shag Harbour
- Shelburne
- Sherbrooke
- Sober Island
- Springhill
- St. Croix
- St. Anne du Ruisseau
- St. George
- St. Peter's
- Stellarton
- Stewiacke
- Summerville
- Sydney
- Tantallon
- Thorburn
- Thornhill
- Three Brooks
- Timberlea
- Truro
- Tusket
- Upper Onslow
- Upper Rawdon
- Upper Sackville
- Upper Tantallon
- Wallace
- Waverley
- Wentworth
- Westport
- Westville
- Weymouth
- Windsor
- Wolfville
- Whycocomagh
- Yarmouth

***Location of clients who have received Facilitation or Trade Market Intelligence services, received funding through the Small Business Development Program and/or Export Growth Program, and/or travelled on Trade Missions during fiscal 2015-2016.**

Cape Breton Fudge Co.

NSBI SERVICE EXPORT GROWTH PROGRAM

LOCATION SYDNEY • EXPORTER EXPORT-CURIOUS

SECTOR AGRI-FOOD • EXPORT MARKET NORTH AMERICA

For several years, business partners Duane Nardocchio and Wade Langham had been working to market their fudge, which featured Cape Breton-inspired flavours such as Celtic Mint, Highland Gold Maple, and Breton Whisky. When the opportunity arose to present Cape Breton Fudge at the 2016 Golden Globes Awards in Hollywood, they jumped at the chance.

In January, with guidance from NSBI's Regional Business Development Team and program funding from NSBI's Export Growth Program, Duane packed up 200 pounds of fudge and travelled to Hollywood. He introduced Cape Breton Fudge to celebrities and VIPs in the Golden Globe Gift Suites.

The response was positive, and demand for Cape Breton Fudge began to grow. Sales to the corporate gift sector increased, especially for custom flavours. To expand its marketing expertise and begin exporting to international markets, NSBI supported Cape Breton Fudge Company through the Small Business Development Program.

With strong local partnerships and a new store opening in 2016, Cape Breton Fudge Company is well poised for export success.

DUANE NARDOCCHIO CO-OWNER

"Any success story from Cape Breton is exciting. It would be equally exciting if The Cape Breton Fudge Co. could be one of them. The NSBI programming is excellent and we want to grow. It's exciting because it could turn into something quite cool." — Duane Nardocchio, Co-Owner

Corporate Results

Trade

1 Increase the total annual value of Nova Scotia exports.

Outcome	Measure	Goal	Results
Nova Scotia businesses exporting a higher value of goods and services	Client-reported actual export sales (includes both domestic and international companies' sales) compared with one year prior	Increase actual export sales by 5%	13.3% increase[1]

2 Grow the number of firms in all communities participating in export.

Outcome	Measure	Goal	Results
More Nova Scotia businesses exporting	Number of Nova Scotia Business Inc. clients reporting their first export sale in 2015-16	Minimum of 15 clients report their first export sale	7 reported their first export sale[2]

Investment/Payroll

3 Secure increased investment and payroll expenditures from domestic, national, and international companies in order to grow and expand businesses in the province.

Outcome	Measure	Goal	Results
Increase in the actual payroll reported from Nova Scotia Business Inc. clients	Actual payroll in 2015-2016 generated by Nova Scotia Business Inc. clients	Increase actual payroll by 10%	17.8% increase in actual payroll[3]
*Increase in the value of capital investment in Nova Scotia	Amount of leveraged capital investment in Nova Scotia by Capital Rebate Program clients		
Increase in the value of capital investment in Nova Scotia	Amount of capital investment in Nova Scotia by Nova Scotia Business Inc. clients not participating in the Capital Rebate Program	Increase capital investment by 5%	1% increase (excluding intellectual property) or 69.7% increase (including intellectual property)[4]

***Capital Rebate Program no longer exists, measurement not tracked.**

Awareness and Perception of Nova Scotia

4 Along with our partners, build Nova Scotia's global profile as an attractive jurisdiction in which to invest, work and do business.

Outcome	Measure	Goal	Results
Greater recognition of Nova Scotia as an attractive jurisdiction in which to invest, work and do business	Generate positive earned media	5% increase in positive earned media	789% increase[5] 2014-2015: $563,449 2015-2016: $5,010,318
Greater recognition of Nova Scotia as an attractive jurisdiction in which to invest, work and do business	Increase in the number of new engaged visitors to Nova Scotia Business Inc.'s website	15% increase in number of new engaged visitors	29.7% increase[6]
More Companies choosing Nova Scotia as a location to establish a business	Number of Nova Scotia Business Inc.'s FDI transactions	Increase the number of FDI transactions by 10%	11.1% increase of FDI transactions[7]

Nova Scotia's Business Climate

5 Strengthen Nova Scotia's business climate confidence and export culture.

Outcome	Measure	Goal	Results
Improvement in rating of Nova Scotia's business climate	Improvement in Business Climate Confidence Index among Nova Scotia Business Inc.'s clients	Upward trend	3.1% decrease[8]
Increase in the reach of Nova Scotia Business Inc. across the province	Increase in the number of businesses working with Nova Scotia Business Inc. across the province	Work with over 900 unique businesses	Worked with 1106 unique businesses[9]

Corporate Results Notes

1 Change in actual annual export sales as reported through NSBI's client metrics survey.

2 NSBI clients reporting an export sale outside of Nova Scotia in 2015-2016 that did not have export sales outside of Nova Scotia in 2014-2015.

3 Change in gross annual payroll expenditures as reported through NSBI's client metrics survey.

4 Change in annual capital investment as reported through NSBI's client metrics survey. An increase of 1% in capital investment was reported by clients for structures and physical facilities, machinery and equipment, and software. When intellectual property is included in the definition of capital investment, clients report an increase of 69.7% in capital investment.

5 Earned media value (EMV) is publicity that is not paid for that is owned or created by a third party. The dollar amount represents what it would have cost NSBI to purchase advertising in the same publication for the coverage received via storytelling. The qualification of positive EMV is based on whether or not the story creates 'greater recognition for Nova Scotia as an international jurisdiction of choice in which to invest, work and do business' that positively reflects business and investment news. The change in positive EMV is based on the type and reach of the publication that publishes a story. NSBI's positive EMV was tracked and calculated through a third-party media monitoring service.

6 An engaged visitor to NSBI's website is defined as a visitor who has visited more than 2 pages, downloaded an image or PDF, completed a form, emailed someone via an email link, visited an external site listed on our website, watched a video, shared content over social media, posted an event to NSBI's calendar, or registered for an event.

7 A total of twenty (20) investment transactions have been identified within the corporate results. Fourteen (14) transactions are payroll rebates and six (6) are project management.

8 Business climate confidence is based on how NSBI clients rate Nova Scotia as a place to do business, how positive they are about their current and future growth, as well as their perceptions of the economic climate in Nova Scotia, as reported by NSBI's client metrics survey.

9 Unique clients are identified as clients who have received Facilitation or Trade Market Intelligence services, received funding through the Small Business Development Program and/or Export Growth Program, and/or travelled on Trade Missions during fiscal 2015-2016.

Financial Services

NSBI SERVICE INVESTMENT ATTRACTION

LOCATION HALIFAX

SECTOR FINANCIAL SERVICES • EXPORT MARKET GLOBAL

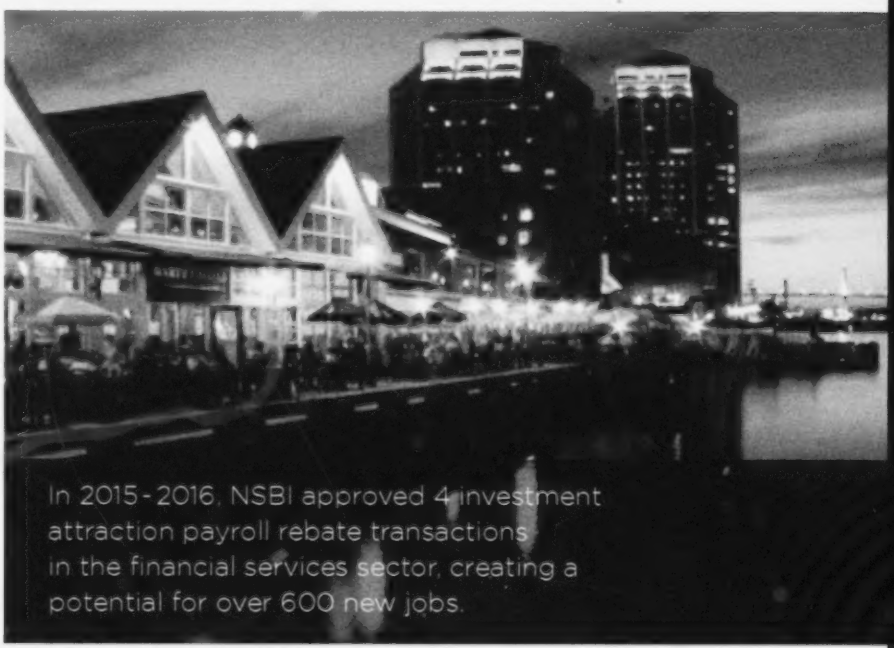
The Financial Services sector has been a key part of the Nova Scotia economy for over two centuries. The sector has its roots in the 1800s, when institutions such as the Bank of Nova Scotia (now Scotiabank) and the Merchant Bank of Halifax (now RBC) were founded to support the province's shipping industry. Today, Nova Scotia is home to a diverse financial services sector encompassing banks, insurance companies, fund administrators and investors.

Five strategic factors make Nova Scotia an ideal location for financial services companies:

- One of the lowest operating costs in North America
- A highly educated workforce
- Ample Class A office space and industry standard networking connectivity
- Atlantic time zone overlaps Europe and America's workday
- Payroll rebates for firms locating to or expanding to the province

Firms that have established a location in Nova Scotia include Manulife Financial, Admiral Insurance, TD Insurance, CITCO, and AnalyzeRe. Nova Scotia's educated workforce and advanced infrastructure, combined with strong collaborative relationships between the private sector, government, and academia have created a supportive business environment in which financial services companies can grow.

NSBI has been working for a decade to build the financial services sector in Nova Scotia because of the quality of the jobs created by the companies choosing Nova Scotia for growth.



In 2015-2016, NSBI approved 4 investment attraction payroll rebate transactions in the financial services sector, creating a potential for over 600 new jobs.

Corporate Results Discussion & Analysis

NSBI's impact can best be measured through the outcomes and results achieved by our private sector clients. NSBI instituted a client metrics survey in fiscal 2015-2016 to measure its efforts through the results achieved by its private sector clients. The survey collects metrics from NSBI's clients focusing on three key areas:

1. Trade
2. Investment/payroll
3. Nova Scotia's business climate

A client metrics survey was conducted early in the fiscal year to establish benchmarks in each of these three areas. As a means of measuring NBSI's impact on the success and growth of our private sector clients, NSBI conducted a follow-up client metrics survey in February/March of the fiscal year to measure client progress with respect to trade growth, investment in Nova Scotia, and perceptions of the business climate in the province. Client perception of the business environment in Nova Scotia is important to NSBI, therefore we began tracking the level of confidence in Nova Scotia as a place for our clients to operate and grow their business. The methodology and survey were designed, implemented, and endorsed by Corporate Research Associates, Inc.

In 2015-2016, NSBI focused on driving export as a first priority by working with businesses across the province to grow exports through access to business advisory services, skills development and training to build trade capacity, market intelligence, financing, and support in accessing global markets. The value of export sales among NSBI clients surveyed increased by 13.3%, and seven of the clients that NSBI worked with that did not export outside of Nova Scotia in 2014-2015 reported export sales outside of Nova Scotia in 2015-2016.

NSBI developed strategies and plans in 2015-2016 to attract innovative, globally competitive companies to establish a business location in Nova Scotia, resulting in an 11.1% increase in the number of NSBI's foreign direct investment (FDI) transactions, and a 17.8% increase in actual payroll generated by clients surveyed.

NSBI works with companies across the province to assist with exploring financing options and accessing capital to help meet their growth potential. NSBI's clients indicated a 1% increase in capital investment on structures and physical facilities, machinery and equipment, and software. When intellectual property is included in the definition of capital investment, NSBI's clients indicated a 69.7% increase in capital investment during 2015-2016.

NSBI worked with 1106 unique companies across Nova Scotia to navigate businesses to resources and programs to overcome obstacles, increase global competitiveness, build export capacity, and capitalize on opportunities for growth. NSBI's clients reported a 3.1% decrease, from 64.7% to 61.6%, in business climate confidence during 2015-2016.

Selling Nova Scotia companies to the world and selling the world on doing business in Nova Scotia were key focus areas for NSBI in 2015-2016. The number of engaged visitors to NSBI's website increased by 29.7%, and NSBI was successful in generating a 789% increase in positive earned media value (EMV). This significant achievement in positive EMV can be largely attributed to one story shared by NSBI that was picked up by three global publications: Yahoo, MSN Money and bloomberg. The total value of the earned media by these three publications was $3.4 million dollars of the total $5 million for 2015-2016. This was a significant increase from last year's total of $563,449 dollars in positive EMV.

Cedar Bay Grilling Co.

NSBI SERVICE EXPORT GROWTH PROGRAM

LOCATION BLANDFORD • EXPORTER EXPERIENCED

SECTOR SEAFOOD • EXPORT MARKET NORTH AMERICA

Long a popular summertime dish for Nova Scotians, planked salmon is salmon cooked over an open flame using a specially prepared cedar plank. Cedar Bay Grilling Company's innovation was to combine frozen salmon, seasoning, and a cedar plank together in a single package for retail.

The concept proved to be a success, and Cedar Bay Grilling Company has seen seven years of phenomenal growth. It currently exports its products to the United States, the UK, and Australia with plans to serve more markets in the future.

Exporting frozen seafood products comes with unique challenges. Delays at the border are costly, food regulations vary from country to country, and the learning curve can be steep. The management team at Cedar Bay Grilling Company is experienced in export market development and utilized NSBI's Export Growth Program to assist with travel to international trade shows for the launch of a new line of products and meetings with distributors and potential customers.

DOUG PARK, PRESIDENT

"NSBI and the Export Growth Program helped to bring our latest round of innovative products to international markets for launch in 2016." —Doug Park, President

Looking Ahead

Strive for Global Competitiveness, Trade and Investment

NSBI believes exporting – and trade in general – is the path to sustainable economic growth in Nova Scotia. In 2016-2017, NSBI will continue the trajectory of focusing on export as the first priority so our client firms can thrive, and not just survive, in our ever-changing global economy. NSBI will work to create more first-time exporters, to better equip companies pursuing certification and to bring new export markets within reach. NSBI will build internal expertise around certifications required for market entry and develop robust online export resources to become a single delivery window for companies, offering improved availability and access to export resources across the province. NSBI will attract FDI and exporting companies best suited for success through a Nova Scotia location, attracting sustainable investment across the province.

Our efforts in working with companies across Nova Scotia to improve global competitiveness and grow exports, trade and investment among our clients in 2016-2017 will be measured through the number of clients reporting their first-ever export sale, the annual increase in client reported actual export sales, actual payroll in 2016-2017 generated by clients, amount of capital investment in Nova Scotia by clients, and the number of FDI clients establishing a business operation in Nova Scotia.

In 2016-2017, NSBI will target working with a minimum of 15 companies across Nova Scotia to become first-time exporters, a 5% increase in actual export sales among clients, a 10% increase in payroll generated by clients, a 5% increase in capital investment by clients, and a 10% increase in the number of FDI clients establishing a business operation in Nova Scotia.

Build Capacity in High Potential Clusters

NSBI's export and investment attraction efforts will focus on increasing global competitiveness and attracting investment in support of the high potential clusters of ICT, Oceans, and Seafood and Agri-Food. As well, we will continue to work in Financial Services, which remains a key sector of focus for NSBI's investment attraction team. NSBI will break down silos and create partnerships between Nova Scotia companies and FDI investors, opening up global value chain opportunities for Nova Scotia businesses. We will also help Nova Scotia businesses access capital in order to increase their global competitiveness and drive growth.

NSBI will measure clients reporting their first-ever export sale, the annual increase in client-reported actual export sales, actual payroll in 2016-2017 generated by clients, amount of capital investment in Nova Scotia by clients, and the number of FDI clients establishing a business operation in Nova Scotia from the targeted high potential clusters.

NSBI will target for a minimum of 10 of the 15 first-time exporters in 2016-2017 to be from within the high potential clusters of ICT, Oceans, and Seafood and Agri-Food, a 5% increase in actual export sales, a 10% increase in payroll, a 5% increase in capital investment, and a 10% increase in the number of FDI clients establishing a business operation in Nova Scotia within these high potential clusters.

Improve the Business Confidence

NSBI will share and promote Nova Scotia's story at home and abroad, working with partners to build awareness outside our borders of high potential clusters in Nova Scotia, and serving as Nova Scotia brand ambassadors in national and international markets. NSBI will also be a positive business voice, continuing to build on networks across the province, celebrating success and building confidence and capacity, positively impacting the business climate in the province.

NSBI's efforts to improve the business confidence among its clients will be measured through the Business Climate Confidence Index of NSBI's client metrics survey. NSBI will target a 10% improvement in the Business Climate Confidence Index among its clients in 2016-2017.

MoorQik

NSBI SERVICE NAVIGATION SERVICES

LOCATION BEDFORD • EXPORTER NEW EXPORTER

SECTOR OCEANS • EXPORT MARKET NORTH AMERICA

MoorQik makes a simple and affordable mooring device for boats. Founder Nic Strum, invented MoorQik, a device that made mooring easy by eliminating the hassle of untying knots. Working with a local partner, Nic began manufacturing MoorQik and selling it to boaters online and through local retailers.

Demand was strong and Nic realized that there was a large potential export market for MoorQik. Through NSBI's Regional Business Development Team, NSBI helped him connect with business contacts, learn about potential domestic and international markets for MoorQik, take advantage of other economic development programs, and navigate services in Nova Scotia. With NSBI's help, Nic gained confidence in his marketing abilities and began developing an export strategy for MoorQik, which has achieved great results.

"Since working with NSBI last year, MoorQik has quadrupled sales with approximately 50% being exported to the US. Export sales have ranged form New York to Washington State. MoorQik is currently looking to establish its distribution network as well as launch its second product offering."

Nobody is too small if you have export potential. Everybody starts somewhere, and NSBI's Regional Business Development Advisors are the first place many aspiring exporters call for help.

NIC STRUM, FOUNDER

"My Regional Business Development Advisor is a good sounding board for ideas and they have really helped me take MoorQik to the next level. It's been good, and moving forward we'll probably work together a fair amount." —Nic Strum, Founder

Geoforce Group

NSBI SERVICE EXPORT GROWTH PROGRAM

LOCATION DARTMOUTH • EXPORTER EXPERIENCED

SECTOR OCEANS • EXPORT MARKET ASIA

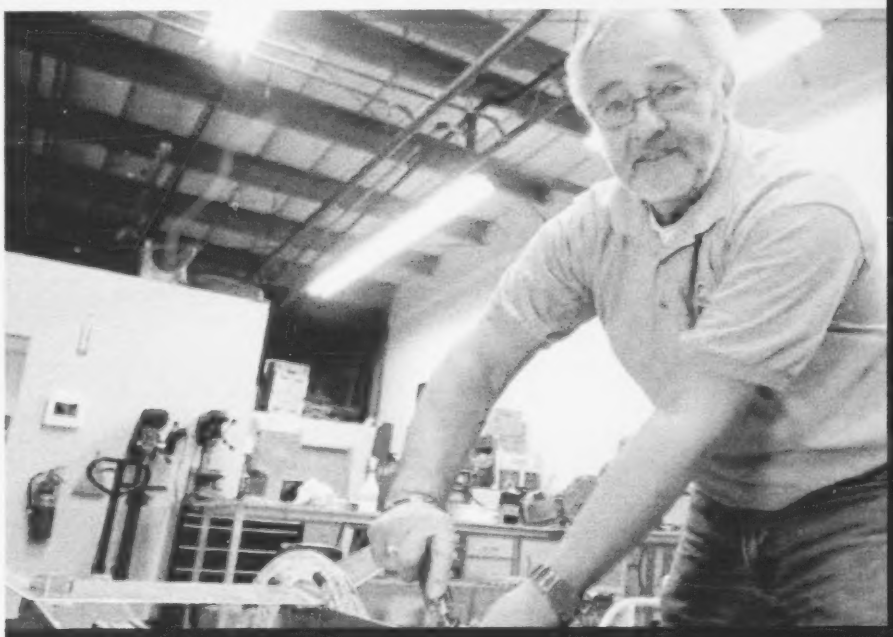
Founded in 1992, Geoforce Group Limited's ocean mapping equipment gathers high resolution information of seabed features and subsurface geology. This data is invaluable for offshore drilling, marine construction, deep-sea mining, ocean boundary demarcation, and research into subsea geology.

In 2015, following its first export successes, Geoforce began working with NSBI to formally develop an international marketing strategy. NSBI supported Geoforce with funding from NSBI's Export Growth Program, aiding with travel to international trade conferences and discovery of new markets for their products.

Governments and private sector groups in the Asia-Pacific region are interested in using Geoforce's sub-sea mapping system, the trademarked Geoforce DTS, to advance earthquake research and deep ocean mining in addition to traditional energy sector exploration.

CEO Graham Standen is enthusiastic about the future of the Geoforce DTS system. "As far as I'm concerned, it's the best sub-bottom profiling system out there, and it's Canadian. It's a product of over 40 years of innovation."

GRAHAM STANDEN CEO



"We've attended a number of conferences recently, and that has really opened us up to the world market." —Ulrich Lobsiger, Marketing Manager

Appendix: Financial Statements (Audit Results)

Financial statements of

Nova Scotia Business Inc.

March 31, 2016

Nova Scotia Business Inc.

March 31, 2016

Table of contents

Management's Report 1

Independent Auditor's Report ..... 2 - 3

Statement of operations and changes in accumulated operating surplus 4

Statement of changes in net financial assets 5

Statement of financial position 6

Statement of cash flows 7

Notes to the financial statements ..... 8 - 21

Schedule of the Independent Production Fund ("IPF") revenues and expenses - Schedule 1 22

Schedule of operating expenses - Schedule 2 23

Schedule of Nova Scotia Business Fund: other expenses - Schedule 3 24

Management's Report

Management's Responsibility for the Financial Statements

The financial statements have been prepared by management in accordance with Canadian public sector accounting standards and the integrity and objectivity of these statements are management's responsibility. Management is also responsible for all of the notes to the financial statements and schedules, and for ensuring that this information is consistent, where appropriate, with the information contained in the financial statements.

Management is also responsible for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced.

The Board of Directors are responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and exercises these responsibilities through the Board. The Board reviews internal financial statements on a quarterly basis and external audited financial statements yearly.

The external auditors, Deloitte LLP, conduct an independent examination, in accordance with Canadian auditing standards, and express their opinion on the financial statements. The external auditors have full and free access to financial management of Nova Scotia Business Inc. and meet with them when required.

On behalf of **Nova Scotia Business Inc**.

Laurel C. Broten
CEO

Ferdinand Makani
Controller

June 22, 2016

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Independent Auditor's Report

To the Board of Directors of
Nova Scotia Business Inc.

We have audited the accompanying financial statements of Nova Scotia Business Inc., which comprise the statement of financial position as at March 31, 2016, and the statements of operations and changes in accumulated operating surplus, changes in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Nova Scotia Business Inc. as at March 31, 2016 and the results of its operations, changes in net financial assets and its cash flows for the year then ended, in accordance with Canadian public sector accounting standards.

Deloitte LLP

Chartered Accountants
June 22, 2016
Halifax, Nova Scotia

Nova Scotia Business Inc.

Statement of operations and changes in accumulated operating surplus year ended March 31, 2016

(In thousands of dollars)

	Budget (Unaudited)	2016	2015
	$	$	$
Revenue			
Provincial			
Operating grant	**14,041**	**14,836**	9,967
Strategic investment grant	**11,482**	**9,785**	9,237
Loan valuation allowance grant	**716**	**716**	2,420
Miscellaneous	**1,105**	**520**	2,011
Interest on loans receivable	**2,030**	**1,822**	2,172
Recovery of equity investments and development loans	**-**	**130**	-
Independent Production Fund ("IPF") revenue (Schedule 1)	**-**	**528**	-
Other	**844**	**1,462**	2,881
Federal	**1,195**	**605**	984
Investment income	**447**	**(220)**	479
Gain on sale of tangible capital assets	**-**	**313**	32
	31,860	**30,497**	30,183
Expenses			
Operating expenses (Schedule 2)	**16,571**	**15,783**	12,600
Transfer payments to the Province of Nova Scotia	**-**	**313**	53
Strategic investments	**11,482**	**9,785**	9,237
Independent Production Fund ("IPF") expenses (Schedule 1)	**-**	**528**	-
Provision for credit losses and payment of guarantees	**716**	**2,056**	19,094
Provision for accrued interest receivable	**-**	**(175)**	2,245
Nova Scotia Business Fund: other expenses (Schedule 3)	**3,888**	**3,987**	3,250
	32,657	**32,277**	46,479
Annual operating deficit	**(797)**	**(1,780)**	(16,296)
Accumulated operating surplus, beginning of year	**10,786**	**10,766**	27,062
Accumulated operating surplus, assumed from FCINS (Note 1)	**-**	**20**	-
Accumulated operating surplus, end of year	**9,989**	**9,006**	10,766

The accompanying notes to the financial statements are an integral part of this financial statement.

Nova Scotia Business Inc.

Statement of changes in net financial assets
year ended March 31, 2016
(In thousands of dollars)

	Budget (Unaudited)	2016	2015
	$	$	$
Annual operating deficit	(797)	(1,780)	(16,296)
Change in tangible capital assets			
Amortization of tangible capital assets	44	55	58
Gain on sale of tangible capital assets	-	(313)	(32)
Proceeds from sale of tangible capital assets	-	313	53
Net change in tangible capital assets	(753)	(1,725)	(16,217)
Change in other non-financial assets			
Acquisitions of prepaid assets	-	(55)	(7)
Use of prepaid assets	-	8	4
Net change in other non-financial assets	-	(47)	(3)
Decrease in non-financial assets	(753)	(1,772)	(16,220)
Decrease in net financial assets	(753)	(1,772)	(16,220)
Net financial assets, beginning of year	9,637	9,637	25,857
Net financial assets, assumed from FCINS (Note 1)	-	19	-
Net financial assets, end of year	8,884	7,884	9,637

The accompanying notes to the financial statements are an integral part of this financial statement.

Nova Scotia Business Inc.

Statement of financial position
as at March 31, 2016

(In thousands of dollars)

	2016	2015
	$	$
Financial assets		
Cash and cash equivalents (Note 14)	**23,825**	22,109
Accrued interest receivable	**161**	288
Loan valuation allowance receivable (Note 8)	**-**	11,833
Other receivables	**512**	1,571
Receivables - IPF	**31**	-
Due from the Province of Nova Scotia	**10,834**	9,907
Loans receivable (Note 3 and 7)	**28,969**	33,793
Equity investments (Note 4 and 7)	**13,055**	15,452
	77,387	94,953
Liabilities		
Accounts payable and accrued liabilities	**15,348**	15,280
Accounts payable and accrued liabilities - IPF (Note 1)	**5**	-
Deferred revenue	**360**	315
Deferred revenue - IPF (Note 1)	**30**	-
Accrued interest payable	**95**	171
Employee benefits and other liabilities (Note 16)	**1,769**	1,317
Provision for payment of guarantees (Note 7 and 11)	**367**	149
Due to shareholder (Note 8)	**50,706**	-
Film production assistance commitments payable	**235**	-
Film production assistance commitments payable - IPF (Note 1)	**275**	-
Long-term debt due to the Province of Nova Scotia (Note 8)	**-**	68,031
Transfer payments payable to the Province of Nova Scotia	**313**	53
	69,503	85,316
Net financial assets	**7,884**	9,637
Non-financial assets		
Tangible capital assets (Note 5)	**1,067**	1,122
Prepaid expenses	**55**	7
	1,122	1,129
Accumulated operating surplus	**9,006**	10,766
Accumulated operating surplus is comprised of:		
Accumulated operating surplus	**9,006**	10,766
	9,006	10,766

Contractual obligations (Note 10)
Contingencies (Note 11)
Subsequent event (Note 21)

On behalf of the Board

_____ Director

_____ Director

The accompanying notes to the financial statements are an integral part of this financial statement.

Nova Scotia Business Inc.

Statement of cash flows
year ended March 31, 2016
(In thousands of dollars)

	2016	2015
	$	$
Operating transactions		
Annual operating (deficit) surplus	**(1,780)**	(16,296)
Items not affecting cash and cash equivalents		
Amortization of tangible capital assets	**55**	58
Redemption of loan valuation allowance receivable	**(12,544)**	(455)
Allowance for credit losses and provision for payment of guarantees	**2,057**	19,094
Capitalized interest on loans payable	**900**	947
Capitalized interest and dividends on loans and equity	**(161)**	(85)
Gain on sale of tangible capital assets	**(313)**	(32)
Exercised warrant options	**-**	(1,225)
	(11,786)	2,006
Change in other (Note 14(b))	**11,616**	2,343
	(170)	4,349
Capital transaction		
Proceeds from sale of tangible capital assets	**313**	53
	313	53
Investing transactions		
Loan advances	**(206)**	(1,941)
Principal received on loans	**5,749**	5,174
Acquisition of equity investments	**-**	(500)
	5,543	2,733
Financing transactions		
New notes payable from the Province of Nova Scotia	**56**	2,266
Principal repayments to the Province of Nova Scotia	**(5,737)**	(7,134)
	(5,681)	(4,868)
Increase in cash and cash equivalents	**5**	2,267
Cash and cash equivalents, beginning of year	**22,109**	19,842
Cash and cash equivalents, assumed from FCINS (Note 1)	**1,711**	-
Cash and cash equivalents, end of year	**23,825**	22,109

The accompanying notes to the financial statements are an integral part of this financial statement.

Nova Scotia Business Inc.

Notes to the financial statements
March 31, 2016
(in thousands)

1. Business overview

Nova Scotia Business Inc. (the "Corporation") is a corporation, wholly-owned by the Province of Nova Scotia with an independent Board of Directors. The Corporation was established pursuant to the Nova Scotia Business Incorporated Act, Chapter 30 of the Acts of Nova Scotia, 2000.

On April 9th, 2015 the Corporation was assigned all of the assets and liabilities of the Film and Creative Industries Nova Scotia ("FCINS") by Bill No. 108 passed by the Government of Nova Scotia. As a result, net assets having a value of $20, being $1,711 in cash, $648 in accounts receivable, $641 in accounts payable and accrued liabilities, $554 in deferred revenue, $1,150 in commitments payable and $6 in prepaid expenses were transferred into the Corporation.

The Corporation's mission is to help Nova Scotia businesses grow exports through access to business advisory services, skill development and training to build trade capacity, market intelligence, financing, and support in accessing global markets, with a focus on developing new exporters and attracting innovative, globally competitive companies to establish a business location in Nova Scotia. The Corporation is not subject to provincial or federal taxes.

2. Summary of significant accounting policies

Basis of accounting

The financial statements of the Corporation have been prepared by management in accordance with Canadian public sector accounting standards ("PSAS") as established by the Public Sector Accounting Board ("PSAB").

The Corporation follows the accrual method of accounting for revenues and expenses. Revenues are recognized in the year in which they are earned and measurable. Expenses are recognized as they are incurred and measurable as a result of receipt of goods and services and/or the creation of a legal obligation to pay.

Cash and cash equivalents

Cash includes petty cash and amounts on deposit with financial institutions. Cash equivalents include short-term highly liquid investments with a term to maturity of 365 days or less at acquisition. All are measured at fair market value.

Loans receivable

Loans receivable are recognized at amortized cost using the effective interest rate method. Loans receivable are classified as impaired when, in the opinion of management, there is reasonable doubt as to the timely collection of the full amount of principal and interest. A specific valuation allowance is established to reduce the recorded value of the impaired loan to its estimated net recoverable value.

A general allowance of 5% of cost is recorded to reflect anticipated future losses for all loans receivable which do not have a specific allowance.

Initial and subsequent changes in the amount of valuation allowance are recorded as a charge or credit to the statement of operations.

Loans receivable are written off after all reasonable restructuring and collection activities have taken place, and management believes that there is no realistic prospect of recovery. Once all or a part of a loan receivable has been written off, the write-off is not reversed, unless the loan receivable is recovered, in which case the recovery is credited to the statement of operations upon receipt.

2. Summary of significant accounting policies (continued)

Equity investments

Investments in equity instruments of private enterprises are carried at cost with realized gains and losses recognized in the statement of operations in the period they are derecognized.

Investments in equity instruments of private enterprises are classified as impaired when, in the opinion of management, there has been a loss in the value of the equity instruments that is other than a temporary decline. A specific valuation allowance is established to reduce the recorded value of the impaired investments to their estimated net recoverable value.

A general allowance of 10% of cost is recorded to reflect anticipated future losses for all investments in private enterprises receivable which do not have a specific allowance.

The investments are reviewed twice yearly for potential declines in value.

A write-down of an investment to reflect a loss in value is not reversed if there is a subsequent increase in value.

Non-financial assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

Tangible capital assets

Tangible capital assets are recorded at cost which includes amounts that are directly attributable to acquisition, construction, development or betterment of assets. The cost, less residual value, of the tangible capital assets, excluding land, is amortized over their estimated useful lives as follows:

Asset	Basis	Rate
Buildings	Declining balance	5%
Wharves	Declining balance	5%
Utilities	Declining balance	4 - 15%

Assets not in use are not amortized until the asset is available for productive use.

In previous fiscal years, the Department of Transportation and Infrastructure Renewal had operational responsibility for the industrial parks and buildings. Certain revenues and expenses associated with the operation of the industrial parks and buildings were accounted for by the Department of Transportation and Infrastructure Renewal and were not reflected in NSBI's financial statements. However, effective April 1, 2014, Nova Scotia Business Inc. took over the operational responsibilities of these assets and their related expenses and revenues are now recorded in these financial statements.

Proceeds from the sale of assets less closing costs are remitted to the Province of Nova Scotia in the form of transfer payments. In the current year, the transfer payments payable to the Province of Nova Scotia was $313 (2015 - $53).

Contributions of tangible capital assets

Tangible capital assets received as contributions are recorded in revenues at their fair value at the date of donation, except in circumstances where fair value cannot be reasonably determined, in which case they are recognized at nominal value.

Other assets

Other assets consist of property acquired through foreclosure. Other assets are recorded at cost less a general allowance for the credit losses equal to 5% of cost. A specific allowance is recorded if management considers it necessary to reduce the asset to its estimated recoverable amount.

2. Summary of significant accounting policies (continued)

Due to the Province of Nova Scotia

Amounts due to the Province of Nova Scotia, which are comprised of long-term debt, are recorded at amortized cost.

Government transfers

Government transfers are recognized in the financial statements in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made. The transfer payments recorded by the Corporation are flow-through arrangements of proceeds from the sale of crown assets which the Corporation administers and are remitted to the Province of Nova Scotia. In accordance with PS 3410, Government transfers do not include flow-through arrangements where a government agrees to act merely as an intermediary to administer funds on behalf of another party and has no ability to make decisions regarding the use of the funds.

Similarly, when funds are received as a result of an administrative flow-through arrangement in which a recipient government serves only as a cash conduit (i.e., it has no direct financial involvement in the program nor decision-making capability in relation to the program) the receipt and disbursement of cash would not be recognized as transfers in that recipient government's financial statements.

Revenue recognition

Government contributions are recognized as revenue in the period the transfer is authorized, and all eligibility criteria have been met, except when, and to the extent, the transfer includes stipulations which have not yet been met.

Government contributions with stipulations are initially deferred and recognized as revenue as the related stipulations are met.

a. Operating grants have no criteria or stipulations and the Corporation recognizes revenue on an accrual basis, except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable.
b. Strategic investment grants are recognized when expenditure is recorded in accordance with the Corporation's approved budget and shall be provided in accordance with policies and procedures set out in the Corporation's business plan.
c. Loan valuation grant is provided by the Province of Nova Scotia to offset the provision for credit losses and payment of guarantees.
d. Miscellaneous consists of various contracts for trade programs. Revenue is recognized in the period the transfer is authorized, and all eligibility criteria have been met, except when and to the extent the transfer includes stipulations which have not yet been met.

Interest revenue on the loans receivable is recognized on an accrual basis unless the ultimate collectability of the loan is in doubt. When a loan is classified as impaired, interest revenue is no longer recognized, and any interest income that is accrued is reversed. A loan is considered impaired when there is risk of loss to the Corporation of the full and timely collection of principal and interest; generally, when it is more than three months in arrears. In the event a loan is no longer considered to be impaired, interest revenue is recognized in the year of recovery.

Provision for credit losses and payment of guarantees

The provision for credit losses is partially offset by a non-cash loan valuation allowance contribution from the Province of Nova Scotia. The contribution is recorded as both a receivable and revenue.

2. Summary of significant accounting policies (continued)

Employee future benefits

The Corporation provides certain employee benefits which will require funding in future periods. These benefits include vacation pay and public service awards. Upon retirement, employees are eligible for a public service award equal to one week's salary per year of service to a maximum of twenty-six years. Management recognizes compensation expense on an accrual basis with actuarial assessments being carried out every three years. The next assessment is due in the 2017 fiscal year.

Permanent employees of the Corporation participate in the Public Superannuation Fund (the "Plan"), a contributory defined benefit pension plan administered by the Province of Nova Scotia, which provides pension benefits based on length of service and earnings. Contributions to the Plan are required by both the employees and the employer. The costs of the employer pension benefits are the Corporation's contributions due to the Plan in the period. The Corporation is not responsible for any under-funded liability, nor does the Corporation have any access to any surplus that may arise in this Plan.

The Corporation accounts for severance pay on an accrual basis and the amount is calculated based upon accumulated unused sick leave or on years of service. The amount is payable when the employee ceases employment with the Corporation.

Use of estimates

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Significant estimates included in the financial statements relate to the valuation of the loans receivable and equity investments. Actual results could differ materially from these estimates.

Impairment of long-lived assets

Tangible capital assets are written down when conditions indicate that they no longer contribute to the Corporation's ability to provide goods and services, or when the value of future economic benefits associated with the tangible capital assets are less than their net book value. The net write-downs are accounted for as expenses in the statement of operations.

3. Loans receivable

	2016	2015
	$	$
Principal due	**55,301**	60,436
Allowance for credit losses (Note 7)	**(26,332)**	(26,643)
	28,969	33,793

Interest charged on these loans ranges from 0% to 12%. Repayment terms are negotiated on specific loans and would normally not exceed 20 years. The level of security on loans is also negotiated between the Corporation and the debtor based on the risk associated with the individual loan. The security can include life insurance, company assets, personal guarantees or the value of the parent company. Security can range from an unsecured position to a fully secured position.

4. Equity investments

	2016	2015
	$	$
Common shares	12,380	16,663
Preferred shares	25,691	27,626
Convertible debentures and promissory notes	3,000	5,350
	41,071	49,639
Allowance for credit losses (Note 7)	(28,016)	(34,187)
	13,055	15,452

Certain preferred shares have conversion options and warrants attached.

5. Tangible capital assets

			2016	2015
	Cost	Accumulated amortization	Net book value	Net book value
	$	$	$	$
Land	86	-	86	86
Buildings	873	666	207	218
Wharves	1,752	1,217	535	563
Utilities	458	219	239	255
	3,169	2,102	1,067	1,122

6. Other assets

	2016	2015
	$	$
Property acquired through foreclosure, at cost	750	750
Less: allowance for credit losses (Note 7)	(750)	(750)
	-	-

7. Allowance for credit losses and payment of guarantees

	2016				
	Gross balance outstanding	Specific allowance	General allowance	Total allowance	Net balance outstanding
	$	$	$	$	$
Loans receivable (Note 3)	55,301	24,934	1,398	26,332	28,969
Equity investments (Note 4)	41,071	26,746	1,270	28,016	13,055
Guarantees (Note 11)	825	367	-	367	458
Other assets (Note 6)	750	750	-	750	-
	97,947	52,797	2,668	55,465	42,482

	2015				
	Gross balance outstanding	Specific allowance	General allowance	Total allowance	Net balance outstanding
	$	$	$	$	$
Loans receivable (Note 3)	60,436	25,056	1,587	26,643	33,793
Equity investments (Note 4)	49,639	32,917	1,270	34,187	15,452
Guarantees (Note 11)	625	149	-	149	476
Other assets (Note 6)	750	750	-	750	-
	111,450	58,872	2,857	61,729	49,721

During the year, investments and other assets in the amount of $7,970 (2015 - $818) were written off and included in the allowance for credit losses and provision for payment of guarantees.

8. Due to shareholder

The Corporation signed a Memorandum of Understanding effective March 31, 2016 with the Province of Nova Scotia allowing and changing the treatment and recognition of the former long-term debt with the Province. The outstanding notes payable balance of $50,706 as at year-end between the Corporation and the Province was converted into a non-interest bearing shareholder loan with no set terms of repayment. As a condition of this conversion, the Corporation was required to reduce its Loan Valuation Allowance receivable ($11,833) due from the Province by applying it against the outstanding notes payable to the Province of Nova Scotia.

As at March 31, 2015 the long-term debt consisted of notes with interest rates of 0-5.58% and maturity dates through 2027.

9. Share capital

The Corporation is authorized to issue 100 Class A common shares with a par value of $1 each. At year-end, 100 common shares have been issued to the Province. Share capital is grouped with accumulated surplus on the statement of financial position.

10. Contractual obligations

The Corporation has no approved financing (2015 - $99) that has not been disbursed as at year-end.

The Corporation provides strategic investments that permit approved businesses to receive a percentage of payroll taxes paid as a rebate. Expenses incurred by the Corporation are match-funded by the Province of Nova Scotia in the form of a Strategic Investment Grant.

As at March 31, 2016, transactions were approved with maximum annual payments over the next nine years of $91,945 (2015 - $100,647) as shown below:

	$
2017	23,024
2018	18,485
2019	16,146
2020	14,093
2021	8,547
2022	3,465
2023	2,763
2024	2,763
2025	2,659
Total	91,945

The Corporation is the administrator of the Nova Scotia Film and Television Production Incentive Fund ("NSFPIF") which was established during the year to support the film and television production industry in the province and to create economic value for Nova Scotians. Expenses incurred by the Corporation will be match-funded by the Province of Nova Scotia in the form of a NSFPIF grant. Eligible organizations that have a permanent establishment in Nova Scotia will be able to apply to the NSFIPF to receive support on completion date of the targeted production based on the following funding streams:

a. Base funding of 25% of all eligible Nova Scotia costs for indigenous/co-productions and foreign/service productions;

b. Incentives for rural production work and Nova Scotia producers.

As at March 31, 2016, the following commitments in the amounts of $7,125 were recognized at the point of issuance of Letters of Intent over the next two years:

	$
2017	4,626
2018	2,499
	7,125

11. Contingencies

Guarantees

	Authorized	Utilized 2016	Utilized 2015
	$	$	$
Bank loans	1,500	825	625
Less: provision for payment (Note 7)	-	(367)	(149)
	1,500	458	476

The guarantees are secured by various assets and proceeds from liquidation are expected to offset a portion of any possible payments under guarantees.

Litigation

The Corporation is co-defendant with the Province of Nova Scotia and Industrial Estates Limited in a dispute regarding environmental contamination on land previously owned by Industrial Estates Limited. The Corporation believes that any losses incurred related to this claim will be fully funded by the Province of Nova Scotia.

The Corporation is unable to form an opinion in regard to the likelihood of loss arising from the above litigation. Consequently, no provision for any possible loss has been recorded in these financial statements.

In addition, there are other outstanding claims against the Corporation for events that have arisen in the normal course of carrying on the operations of the Corporation. It is not possible at this time to determine the amount that may be assessed, or the impact to the Corporation's financial statements, with respect to these claims.

12. Financial instruments

Fair value

Equity investments in publicly-traded companies are recorded at fair market value, which represents the last bid price for the stock on the stock exchange. The Corporation sold all its publicly traded equity investments in prior years.

Fair value measurements in connection with the allowance for credit losses recognized in Notes 3 and 4 are categorized using the fair value hierarchy that reflects the significance of inputs used in determining the fair values:

- Level 1 - unadjusted quoted prices in the active markets for identical assets or liabilities;
- Level 2 - inputs other than quoted prices included in Level 1 that are observable for the assets or liability, either directly or indirectly; and
- Level 3 - inputs for assets and liabilities that are not based on observable market data.

Cash and cash equivalents have been recorded as Level 1 using the fair value hierarchy.

12. Financial instruments (continued)

Financial risk factors

Risk management relates to the understanding and active management of risks associated with all areas of the business and the associated operating environment. The Corporation's Nova Scotia Business Fund assets are primarily exposed to credit, interest rate, market price and liquidity risk.

Credit risk

Credit risk is the risk that an issuer or counterparty will be unable to meet a commitment that it has entered into with the Corporation. To mitigate this risk, the Corporation has developed the following policies:

Before financing is approved, a risk assessment is performed on the client. Each application is designated a risk rating based on the industry and business, quality of management, financial history and projections, the level of other creditor involvement and shareholder participation, and environmental risks. The terms and conditions of the approved financing are reflective of the assessed risk. Applications with unacceptable levels of risk are not approved.

Clients are usually limited to a total of $15 million in financing from the Corporation's Nova Scotia Business Fund. Three clients have exceeded this total in the past; two were approved in the Nova Scotia Business Development Corporation Fund and transferred to the Nova Scotia Business Fund via legislation on November 6, 2001 and both were paid out in a previous year. A third client, that was authorized financing of $15,100 approved in fiscal 2011, currently has an outstanding balance of $11,195 which is now below the $15,000 financing limit threshold (2015- $13,134) and has now been fully disbursed.

The risk rating for all clients is monitored on an on-going basis. Clients identified as higher risk are further assessed at year end to determine the extent of potential loss, taking into account the value of the security pledged in support of the financial assistance. This assessment could result in a reduction in the carrying value of the investment via the provision for credit losses.

Interest rate risk

Interest rate risk is the risk that the market value of the Corporation's investments and debt will fluctuate due to changes in the market interest rates. It is management's opinion that the Corporation is not exposed to significant interest rate risk arising from financial instruments.

Market price risk

Market price risk is the risk that the value of an investment will fluctuate as a result of changes in the market prices, whether those changes are caused by factors specific to the individual financial instrument, its issuer or factors affecting similar financial instruments traded in the market. As these equities are carried at fair value with the fair value changes recognized in the statement of remeasurement gains and losses, all changes in the market conditions will directly result in an increase (decrease) of accumulated remeasurement gains (losses).

Liquidity risk

Liquidity risk is the risk that the entity will encounter difficulty in meeting obligations associated with financial liabilities. Liquidity requirements are managed through the receipt of provincial grants, income generated from loans receivable and equity investments, and principal repayments received on loans receivable. These sources of funds are used to pay operating expenses and debt servicing payments to the Province of Nova Scotia. In the normal course of business the Corporation enters into contracts that give rise to commitments for future payments which also impact the Corporation's liquidity. The Corporation also maintains cash on hand for liquidity purposes and to pay accounts payable and accrued liabilities.

12. Financial instruments (continued)

The following table summarizes the fixed contractual maturities for all financial liabilities as at March 31, 2016:

	Within 1 year	2 to 5 years	6 to 10 years	Over 10 years	2016 Total	2015 Total
	$	$	$	$	$	$
Accounts payable and accrued liabilities	15,353	-	-	-	15,353	15,280
Accrued interest payable	95	-	-	-	95	171
Employee benefits and other liabilities	854	254	110	551	1,769	1,317
Transfer payments payable to the Province of NS	313	-	-	-	313	53
Deferred revenue	122	238	-	-	360	315
Deferred revenue - IPF	30	-	-	-	30	-
Provision for payment of guarantees	367	-	-	-	367	149
Long-term debt due to the Province	-	-	-	-	-	66,740
Film production assistance commitments payable	235	-	-	-	235	-
Film production assistance commitments payable - IPF	275	-	-	-	275	-
	17,644	492	110	551	18,797	84,025

13. Nova Scotia Business Fund

The Nova Scotia Business Fund (the "Fund") is comprised of investments approved under the direction and management of the Corporation and investments transferred from the Nova Scotia Business Development Corporation Fund ("NSBDC") on November 6, 2001. The following is a summary of the Fund as at March 31, 2016:

	NSBI portfolio		NSBDC portfolio		2016	2015
	Gross	Less allowance for credit losses	Gross	Less allowance for credit losses	Net total	Net total
	$	$	$	$	$	$
Assets						
Loans receivable	33,848	12,273	21,454	14,060	28,969	33,793
Equity investments	40,862	27,995	210	22	13,055	15,452
Industrial parks & buildings	-	-	1,067	-	1,067	1,122
Other assets	-	-	750	750	-	-
Guarantees	825	367	-	-	458	476
Financing authorized but unadvanced	-	-	-	-	-	99
	75,535	40,635	23,481	14,832	43,549	50,942
Funding authorized and committed						
Fund balance authorized, net of write-offs					215,889	223,859
Less: uncommitted balance of fund					116,875	111,188
Committed fund balance					99,014	112,671
Less: allowance for credit losses and provision for payment of guarantees (Note 7)					55,465	61,729
					43,549	50,942

14. Supplementary cash information

Cash and cash equivalents include:

	2016	2015
	$	$
Cash	15,825	14,109
Short-term investments	8,000	8,000
	23,825	22,109

14. Supplementary cash information (continued)

Changes in other

	2016	2015
	$	$
Accrued interest receivable	**127**	1,661
Loan valuation allowance receivable	**11,833**	(1,965)
Other receivables	**1,579**	(411)
Due from the Province of Nova Scotia	**(927)**	(3,160)
Prepaid expenses	**(48)**	(4)
Accounts payable and accrued liabilities	**(469)**	6,954
Accrued interest payable	**(76)**	(553)
Non-cash accrued interest clearing loan valuation allowance	**5**	10
Employee benefits and other liabilities	**452**	(202)
Deferred revenue	**(1,162)**	9
Transfer payments payable to the Province of Nova Scotia	**260**	4
Commitments payable - operating	**(23)**	-
Commitments payable - IPF	**65**	-
	11,616	2,343

During the year, cash received for interest income was $1,684 (2015 - $1,982) and interest paid was $762 (2015 - $1,777).

	2016	2015
Non-cash investing transactions	$	$
Equity market adjustments recorded as accumulated remeasurement loss	1,500	-
Conversion of convertible debentures to equity investments	161	1,000
Conversion of accrued interest to equity investments	500	85
Conversion of preferred dividends to equity investments	-	1,225

15. Related party transactions

During the year, there were no companies controlled or otherwise not independent of Nova Scotia Business Inc. eligible for payroll rebate rewards (2015 - $nil). As at year-end, the total amount outstanding to companies that were controlled by, or otherwise not independent of, certain directors of Nova Scotia Business Inc. was $12,974 (2015 - $12,995) for financial assistance. Certain of these investments have specific allowances recorded against them totaling $480 (2015 - $500), with a 10% general reserve recorded against the rest. Furthermore, there were no payroll rebates under this category this year (2015 - $NIL).

The Corporation occupies premises for which no rental fee is charged by the Province of Nova Scotia. Management estimates the annual cost to lease the premises is approximately $717 (2015 - $683).

The Corporation receives legal services free of charge from the Province of Nova Scotia. Management estimates the annual cost of these services is approximately $322 (2015 - $300).

15. Related party transactions (continued)

In the prior year, due to the change in the Corporation's mandate, certain employees were transferred from the Province of Nova Scotia to the Corporation on secondment basis effective September 1, 2014. The related costs including operating costs in the amount of $907 were fully absorbed by the Province of Nova Scotia and are not reflected in these financial statements. Effective April 1, 2015 these individuals became permanent employees of the Corporation and their related costs for the current year are reflected in these financials.

These transactions were carried out in the normal course of operations and on terms and conditions that would be similar to those of non-related parties.

16. Employee benefits, post-retirement benefits and other liabilities

The employee benefits, post-retirement benefits and other liabilities, reported on the statement of financial position, are made up of the following:

	2016	2015
	$	$
Public service awards	**771**	720
Vacation pay	**212**	237
Other payroll accruals	**786**	360
	1,769	1,317

Pension benefits

All full-time employees are entitled to receive pension benefits pursuant to the provisions of a pension plan established under the Public Service Superannuation Act ("PSSP") based on the employees' length of service and earnings. The plan is funded by the employee and the employer contributions. The employer's contributions for 2016 were $594 (2015 - $525) and are recognized as an operating expense in the year. As a result of changes to the PSSP that took effect April 1, 2013, the Province of Nova Scotia is no longer responsible for any unfunded liabilities of the PSSP, and the Province no longer administers the PSSP. The PSSP is now administered by an independent trustee, the Public Service Superannuation Plan Trustee Inc., which also administers the actuarial and investment risk.

17. Film production development loans

Film production development loans previously committed by FCINS are provided to eligible producers to support essential process of the development which takes an idea through the stages of research, writing, market analysis and costing, which must precede the completion of the production financing arrangements. Support for the development of a project does not necessarily imply support for a production. Film production development loans are interest free and are to be repaid the earlier of the first day of principal photography or on the optioning, sale or transfer of the property to a third party.

During the year, effective April 9, 2015, the Corporation received $nil in recovery of development loans. As at March 31, 2016, $26 remains undisbursed and is included in commitments payable. Total film production development loans outstanding at year-end were $2,982.

18. Film production special projects

Non-repayable assistance previously committed by FCINS in the form of grants is provided to eligible parties for training, sponsorship, festivals and other business development initiatives to promote the Nova Scotia film, television and creative industries.

There are no committed but undisbursed amounts relating to special projects remaining in commitments payable.

19. Film production equity investments

Film production assistance previously committed by FCINS, in the form of equity investments are provided to eligible producers for the financing of productions that will provide employment and economic benefit to Nova Scotians. Equity investments are made with conditions of repayment through participation in revenues by projects. Revenue is recorded as reported by producers.

During the year, effective April 9, 2015, the Corporation received $130 in recovery of equity investments. As at March 31, 2016, $209 remains undisbursed and is included in commitments payable. Total film production equity investments outstanding were $46,767 (April 9, 2015 - $46,975).

20. Independent Production Fund ("IPF")

This fund through The Eastlink TV Independent Production Fund program provides production assistance in the form of film production equity investments to eligible producers for the financing of production that will support employment and economic benefits to Nova Scotia. Film production equity investments are made with the condition of repayment through participation in revenues by projects. Revenue is recorded as reported by producers. Funds received under the IPF are externally restricted and included on the statement of financial position in cash and cash equivalents and are deferred until committed. The Corporation through FCINS did not receive any of this funding from Eastlink TV during the year.

During the year, effective April 9, 2015, the Corporation received $31 in recovery of equity investments. As at year-end, $275 remains undisbursed and is included in commitments payable. Total film production equity investments outstanding at year-end were $3,644.

21. Subsequent event

On April 1, 2016 with the consent of the Province of Nova Scotia pursuant to Section 68(1) of the Finance Act, the Corporation created a wholly owned subsidiary, Nova Scotia Independent Production Fund ("NSIPF"). On June 9, 2016, NSIPF was certified by the CRTC and was added to the list of independent production funds to administer The Eastlink TV Independent Production Fund program. As a result, the assets and liabilities of the IPF will be assigned to and become assets and liabilities of the NSIPF effective June 9, 2016.

NSIPF's purpose continues to be as was FCINS's as an IPF, to support Nova Scotia and Canadian television programming by receiving contributions as a restricted independent production fund under the Broadcasting Distribution Regulations and to distribute such contributions to productions determined to be eligible for funding in accordance with the requirements of the Canadian Radio-television and Telecommunications Commission.

Nova Scotia Business Inc.

Schedule of the Independent Production Fund ("IPF") revenues and expenses - Schedule 1 year ended March 31, 2016

(In thousands of dollars)

	2016	2015
	$	$
Revenue		
Eastlink contributions	493	-
Recovery of equity investments	31	-
Interest income	4	-
	528	-
Expenses		
Equity investments	523	-
Administrative expenses	5	-
	528	-

The accompanying notes to the financial statements are an integral part of this financial statement.

Nova Scotia Business Inc.

Schedule of operating expenses - Schedule 2
year ended March 31, 2016

(In thousands of dollars)

	Budget (Unaudited)	2016	2015
	$	$	$
Salaries and benefits	8,657	8,908	6,735
Business development	6,107	5,090	4,139
Travel	895	620	733
Telecommunications and technical support	486	520	492
Office	304	385	286
Other	70	201	168
Legal and audit	52	59	47
	16,571	15,783	12,600

The accompanying notes to the financial statements are an integral part of this financial statement.

Nova Scotia Business Inc.

Schedule of Nova Scotia Business Fund: other expenses - Schedule 3
year ended March 31, 2016

(In thousands of dollars)

	Budget (Unaudited)	2016	2015
	$	$	$
Interest	2,057	1,993	2,181
Repairs, maintenance, salaries and other	1,676	1,859	960
Amortization	44	55	58
Legal	110	79	51
Recovery of commissions and other fees	1	1	-
	3,888	3,987	3,250

The accompanying notes to the financial statements are an integral part of this financial statement.

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Nova Scotia Business Inc.

NOVA SCOTIA BUSINESS INCORPORATED

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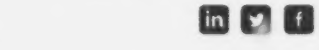

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